

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY OTTAWA

UNCLAS STATE 009378

E.O. 11652:N/A

TAGS: ETRD

SUBJECT: TRADE ACT: NORTH AMERICAN FREE TRADE AREA

REF:OTTAWA 82

1. TEXT OF PROVISION NOTED REFTEL IS AS FOLLOWS:

SEC. 612. TRADE RELATIONS WITH CANADA. IT IS THE SENSE OF THE CONGRESS THAT THE UNITED STATES SHOULD ENTER INTO A TRADE AGREEMENT WITH CANADA WHICH WILL GUARANTEE CONTINUED STABILITY TO THE ECONOMIES OF THE UNITED STATES AND CANADA. IN ORDER TO PROMOTE SUCH ECONOMIC STABILITY, THE PRESIDENT MAY INITIATE NEGOTIATIONS FOR A TRADE AGREEMENT WITH CANADA TO ESTABLISH A FREE TRADE AREA COVERING THE UNITED STATES AND CANADA. NOTHING IN THIS SECTION SHALL BE CONSTRUED AS PRIOR APPROVAL OF ANY LEGISLATION WHICH MAY BE NECESSARY TO IMPLEMENT SUCH A TRADE AGREEMENT.

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2. IN DISCUSSING PROVISION EMBASSY MAY NOTE THAT IT REFLECTS

CONSIDERABLE BODY OF AMERICAN OPINION, PARTICULARLY IN PARTS OF BUSINESS COMMUNITY, WHICH HAS LONG FAVORED MOVEMENT TOWARD FREE TRADE IN NORTH AMERICA, BELIEVING SUCH AN ARRANGEMENT WOULD BENEFIT BOTH US AND CANADIAN ECONOMIES. PROVISION WAS ORIGINALLY INTRODUCED DURING SENATE FLOOR DEBATE BY SENATOR HARTKE. SENATE/HOUSE CONFERENCE ADOPTED IT AS SENSE OF CONGRESS MEASURE, THUS GIVING ADMINISTRATION DISCRETION WITH RESPECT TO ITS IMPLEMENTATION.

3. WHILE ADMINISTRATION UNDERSTANDS RATIONALE FOR PROVISION, IT HAS NO CURRENT PLANS TO TAKE SPECIFIC ACTION ON IT AT PRESENT TIME. PRIMARY US OBJECTIVE AT THIS TIME IS TO ENSURE THAT SUBSTANTIVE NEGOTIATIONS IN TOKYO ROUND ARE LAUNCHED AT EARLIEST OPPORTUNITY WITH FULL CANADIAN PARTICIPATION. MTNS WILL NOT ONLY HAVE UNPRECEDENTED RANGE OF ISSUES TO NEGOTIATE, BUT OFFER MUCH-TO-BE PREFERRED MULTILATERAL FORUM FOR FURTHER LIBERALIZING US TRADE WITH CANADA SPECIFICALLY, AND MAY HELP RESOLVE PERIODIC DIFFICULTIES AND DISPUTES WHICH 40 BILLION DOLLAR TWO WAY TRADE INEVITABLY BRINGS ABOUT. AS SUCH, OUR VIEW IS THAT AT THIS TIME INTENDED AIMS OF THIS PROVISION IN THE TRADE ACT WILL BE MORE EFFECTIVELY ACHIEVED BY FULL US/CANADIAN INVOLVEMENT IN MTNS AND COMMITMENT TO THEIR SUCCESSFUL OUTCOME. KISSINGER

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